

DELEGATED APPROVAL FORM
CITY MANAGER
DEPUTY CITY MANAGER & CHIEF FINANCIAL OFFICER

TRACKING NO.: 2017-139

Approved pursuant to the Delegated Authority contained in Executive Committee Item EX43.7 entitled "Delegation of Authority in Certain Real Estate Matters" adopted by City Council on May 11 and 12, 2010 (Confirmatory By-law No. 532-2010, enacted on May 12, 2010), as amended by GM24.9 entitled "Minor Amendments to Delegation of Authority in Certain Real Estate Matters" adopted by City Council on October 8, 9, 10 and 11, 2013 (Confirmatory By-Law No. 1234-2013, enacted on October 11, 2013), as amended by DAF 2013-307 and DAF 2014-087; and further amended by EX44.22 entitled "Strategic Property Acquisitions" adopted by City Council on August 25, 26, 27 and 28, 2014 (Confirmatory By-law No. 1074-2014, enacted on August 28, 2014) and further amended by GM16.16 entitled "Transit Shelter Property Acquisitions" adopted by City Council on December 13, 14 and 15, 2016 (Confirmatory By-Law No. 1290-2016, enacted on December 15, 2016).

Prepared By:	Joseph Sergnese	Division:	Real Estate Services
Date Prepared:	May 16, 2017	Phone No.:	416-392-1857

Purpose	To obtain authority to enter into a Lease Renewal and Amending Agreement (the "Agreement") between Dundee Summer 2001 Collection (GP) Inc. (the "Tenant") and the City of Toronto (the "City") for the property known municipally as 425 Bloor Street East for the purpose of allowing the continued use of improvements erected on the property and to pay incurred Lease Renewal arbitration costs.
Property	The property municipally known as 425 Bloor Street East as shown in Appendix "A".
Actions	<p>It is recommended that</p> <ol style="list-style-type: none"> 1. authority be granted to enter into a Lease Renewal and Amending Agreement for the purpose of allowing the continued use of improvements erected on the aforementioned property for a term of thirty-three (33) years, subject to the terms and conditions outlined on page 4 of this form and on such other terms as may be satisfactory to the Chief Corporate Officer and in a form acceptable to the City Solicitor; 2. authority be granted to pay incurred Lease Renewal arbitration hearing costs in the amount of \$3,000.00; 3. the Chief Corporate Officer or designate shall administer and manage the Agreement including the provision of any consents, approvals, waivers, notices and notices of termination provided that the Chief Corporate Officer may, at any time, refer consideration of such matter to City Council for its determination and direction; 4. the appropriate City Officials be authorized and directed to take whatever action is necessary to give effect thereto.
Financial Impact	<p>This Lease Agreement will generate basic rent in the amount of \$157,500.00 (plus HST) per annum, for 33 years to the City of Toronto commencing on April 15, 2013. The Tenant will pay the rent arrears arising from the change in yearly rent for the renewal term within 30 days following the execution and delivery of the lease renewal and amending agreement.</p> <p>An arbitration hearing regarding the Lease Renewal was set for February 1 through 9, 2018. The Landlord and Tenant (collectively, the "Parties") have agreed to settle the arbitration and cancel the arbitration hearing. Under the provisions set out in the Terms of Appointment for the arbitration hearing the Parties shall pay costs the arbitrator has incurred to date. The City's share of the costs is estimated at \$3,000.00. Funding is available in the 2017 Council Approved Operating Budget for Facilities, Real Estate, Environment & Energy (FREEE) under cost centre BU0131, functional area code 3220200000.</p> <p>The Deputy City Manager & Chief Financial Officer has reviewed this DAF and agrees with the financial impact information.</p>
Comments	<p>An arbitration of the yearly rent for the Renewal Term, was commenced by the Tenant by notice of arbitration dated January 14, 2013, and which was the subject of an arbitration agreement between the parties dated as of February 12, 2016 (the "Arbitration").</p> <p>The City and the Tenant have agreed to settle the Arbitration and the yearly rent for the Renewal Term on the basis of the current use of the demised lands, as restricted by the current improvements erected on the demised lands, being a six-storey office building with a floor plate of approximately 17,000 square feet, and their agreement that the Lease does not permit the Tenant to alter the current use of the demised lands, as restricted by the current improvements erected on the demised lands.</p>
Terms	Real Estate Services Staff consider the terms and conditions of this proposed Lease Renewal and Amending Agreement, as detailed on page 4 of this form, to be fair and reasonable, and at market rates.

Property Details	Ward:	28 – Toronto Centre - Rosedale
	Assessment Roll No.:	
	Approximate Size:	
	Approximate Area:	28,225 square feet
	Other Information:	

A.	Deputy City Manager & Chief Financial Officer has approval authority for:	City Manager has approval authority for:
<p>1. Acquisitions:</p> <p>2. Expropriations:</p> <p>3. Issuance of RFPs/REOIs:</p> <p>4. Permanent Highway Closures:</p> <p>5. Transfer of Operational Management to ABCDs:</p> <p>6. Limiting Distance Agreements:</p> <p>7. Disposals (including Leases of 21 years or more):</p> <p>8. Exchange of land in Green Space System & Parks & Open Space Areas of Official Plan: N/A</p> <p>9. Leases/Licences (City as Landlord/Licensor):</p> <p>10. Leases/Licences (City as Tenant/Licensee):</p> <p>11. Easements (City as Grantor):</p> <p>12. Easements (City as Grantee):</p> <p>13. Revisions to Council Decisions in Real Estate Matters:</p> <p>14. Miscellaneous:</p> <p>(a) Approvals, Consents, Notices and Assignments under all Leases/Licences;</p> <p>(b) Releases/Discharges;</p> <p>(c) Surrenders/Abandonments;</p> <p>(d) Enforcements/Terminations;</p> <p>(e) Consents/Non-Disturbance Agreements/Acknowledgements/Estoppels/Certificates;</p> <p>(f) Objections/Waivers/Cautions;</p> <p>(g) Notices of Lease and Sublease;</p> <p>(h) Consent to regulatory applications by City, as owner;</p> <p>(i) Consent to assignment of Agreement of Purchase/Sale; Direction re Title;</p> <p>(j) Documentation relating to Land Titles applications;</p> <p>(k) Correcting/Quit Claim Transfer/Deeds.</p>	<p><input type="checkbox"/> Where total compensation does not exceed \$5 Million.</p> <p><input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$5 Million.</p> <p>Delegated to a less senior position.</p> <p>Delegated to a less senior position.</p> <p>Delegated to a less senior position.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$5 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$5 Million.</p> <p>Delegated to a less senior position.</p> <p><input type="checkbox"/> (a) Where total compensation (including options/renewals) does not exceed \$5 Million;</p> <p><input type="checkbox"/> (b) Where compensation is less than market value, for periods not exceeding twelve (12) months, including licences for environmental assessments and/or testing, etc.</p> <p><input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$5 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$5 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$5 Million.</p> <p><input type="checkbox"/> Amendment must not be materially inconsistent with original decision (and may include increase not to exceed the amount of the original decision by the lesser of 10 per cent and \$3 Million).</p> <p>Delegated to a less senior position.</p>	<p><input type="checkbox"/> Where total compensation does not exceed \$10 Million.</p> <p><input type="checkbox"/> Statutory offers, agreements and settlements where total compensation does not cumulatively exceed \$10 Million.</p> <p>Delegated to a less senior position.</p> <p>Delegated to a less senior position.</p> <p>Delegated to a less senior position.</p> <p><input checked="" type="checkbox"/> Where total compensation does not exceed \$10 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$10 Million.</p> <p>Delegated to a less senior position.</p> <p><input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$10 Million;</p> <p>Delegated to a less senior position.</p> <p><input type="checkbox"/> Where total compensation (including options/renewals) does not exceed \$10 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$10 Million.</p> <p><input type="checkbox"/> Where total compensation does not exceed \$10 Million.</p> <p><input type="checkbox"/> Amendment must not be materially inconsistent with original decision (and may include increase not to exceed the amount of the original decision by the lesser of 10 per cent and \$5 Million).</p> <p>Delegated to a less senior position.</p>
<p>B. City Manager and Deputy Manager & Chief Financial Officer each has signing authority on behalf of the City for:</p>		
<p><input checked="" type="checkbox"/> Documents required to implement the delegated approval exercised by him or her.</p>		

Consultation with Councillor(s)															
Councillor:	Pam McConnell					Councillor:									
Contact Name:	Sean McIntyre					Contact Name:									
Contacted by:	Phone	X	E-Mail		Memo		Other	Contacted by:	Phone		E-mail		Memo		Other
Comments:	Concurs					Comments:									
Consultation with ABCDs															
Division:	Financial Planning					Division:									
Contact Name:	Filisha Jenkins					Contact Name:									
Comments:	Concurs					Comments:									
Legal Division Contact															
Contact Name:	Rodney Gill 416-392-1199														

	Date	Signature
Recommended by: Manager	May 17, 2017	Sgd./ Peter Cheng
Recommended by: Director of Real Estate Services	May 25, 2017	Sgd./ Joe Casali
Recommended by: Chief Corporate Officer	May 30, 2017	Sgd. / Josie Scioli
Approved by: Deputy City Manager & Chief Financial Officer Roberto Rossini	June 1, 2017	X Sgd./ Roberto Rossini
Approved by: City Manager Peter Wallace	June 14, 2017	X Sgd./ Peter Wallace

General Conditions ("GC")

- (a) The local Councillor (or local Councillors if the subject property is located on a ward boundary or if the transaction involves an exchange of properties in more than one ward), will be consulted prior to the exercise of delegated Approving Authority by staff for all Acquisitions, Disposals, Land Exchanges and Leases.
- (b) Where approving power has been delegated to staff, the Chief Corporate Officer, in consultation with the applicable Deputy City Manager or the City Manager, may determine that such matter is of such special interest that same should be returned to the relevant Committee and Council for consideration and determination.
- (c) Exercise of delegated authority is subject to all applicable Council policies, statutes or other applicable law.
- (d) Authority to approve financial commitments/expenditures is subject to all amounts being available in an approved budget, or funding being available from third party sources, except for "Strategic Property Acquisitions" as set out in EX44.22 adopted by Council August 25, 26, 27 and 28, 2014, which identifies alternative funding mechanisms subject to additional approval requirements.
- (e) Property interests are to be based on appraised value, and no interest shall be granted at less than market value unless otherwise specifically authorized.
- (f) Authority to approve transactions at less than market value is subject to statutory anti-bonusing provisions.
- (g) Total compensation means the aggregate of all types of payments, including land value, estimated clean-up costs, potential arbitration awards, loss claims, etc, but exclusive of any applicable taxes and registration costs.
- (h) Authority to acquire property is conditional upon provision being made to bring the property into compliance with applicable MOE or other requirements such that it will be fit for its intended municipal purpose, except for property acquisitions of 50M² or less for transit shelter purposes.
- (i) Authority to initiate the permanent road closure process in **A.4** is conditional upon confirmation by the GM of Transportation Services that it is feasible to permanently close the highway.
- (j) Disposal authorities in **A.7** are subject to the property having been declared surplus, and the disposal policy complied with.
- (k) Land exchanges, except for those in **A.8**, may be authorized based on the delegated Approving Authority for Disposals in **A.7**.
- (l) Approving Authority with respect to land located in the Designated Waterfront Area is conditional upon the approval of the Director, Waterfront Secretariat.
- (m) Authority to approve an exchange of land in **A.8** is conditional upon confirmation by the Chief Planner and Executive Director, and the GM of Parks, Forestry & Recreation, that the land being exchanged is (i) nearby land of equivalent or larger area, and (ii) of comparable or superior green space utility.
- (n) Approving Authority in leasing matters (**A.9** and **A.10**) is limited to periods (including options/renewals) of less than twenty-one (21) years.
- (o) Total compensation in leasing matters where the City is landlord (**A.9**) includes the value of tenant improvements if factored into tenant's rental payments.
- (p) Total compensation in leasing matters where the City is the tenant (**A.10**) includes the value of any tenant improvements to be paid by the City.
- (q) Where options/renewals are included in leases, if the renewal rent is to be determined at a date later than the original approval date, total compensation is to be calculated as though all options are exercised, estimating the renewal rent based on the highest rent payable in the first term of the lease.
- (r) Total compensation in leasing matters where the City is landlord (**A.9**) or tenant (**A.10**) is to be calculated from the date of approval pursuant to this delegation (ie. first allowing for the expiry of any prior approvals, whether by Council or a delegated authority).
- (s) Approving Authority in leasing matters includes authority to approve renewals/extensions within the parameters of the delegated Approving Authority.
- (t) Approving Authority includes authority for amendments within the parameters of the delegated Approving Authority, the cumulative total of which may not exceed the delegated financial limit.
- (u) Where proposed additional amounts in **A.13** exceed 10 per cent of the original decision, even if otherwise in compliance with all other conditions, then approving authority is transferred upwards to the next more senior level of approving authority having the relevant overall financial limit.
- (v) Approving Authority includes authority for all documents necessary to implement the authority, on terms and conditions satisfactory to the Approving Authority, in consultation with the relevant operating Division(s).
- (w) Staff positions referred to in this delegation include successors from time to time.
- (x) Documents are to be in a form satisfactory to the City Solicitor (including indemnity and insurance provisions).
- (y) Delegated signing authorities in **B** are conditional upon the documents having received the City Solicitor's prior "Approval as to Form".
- (z) This delegation does not affect sales, acquisitions and leases over which the Affordable Housing Committee has responsibility.
- (aa) Authority to use land acquired by the City for parking purposes by the Toronto Parking Authority is conditional upon Council enacting a by-law designating such use.
- (bb) All residential leasing documents shall adhere to the *Residential Tenancies Act* and any successor legislation.
- (cc) Despite GC(n), Approving Authority in residential leasing matters is not limited to periods of less than twenty-one (21) years.

425 Bloor Street East Major Terms and Conditions

Landlord: City of Toronto

Tenant: Dundead Summer 2001 Collection

Premises: 425 Bloor Street East, Toronto

Demised Area: 28,225 square feet.

Term: Thirty Three (33) years, commencing on April 15, 2013 and terminating on April 14, 2046, on the terms and conditions as provided in the Lease

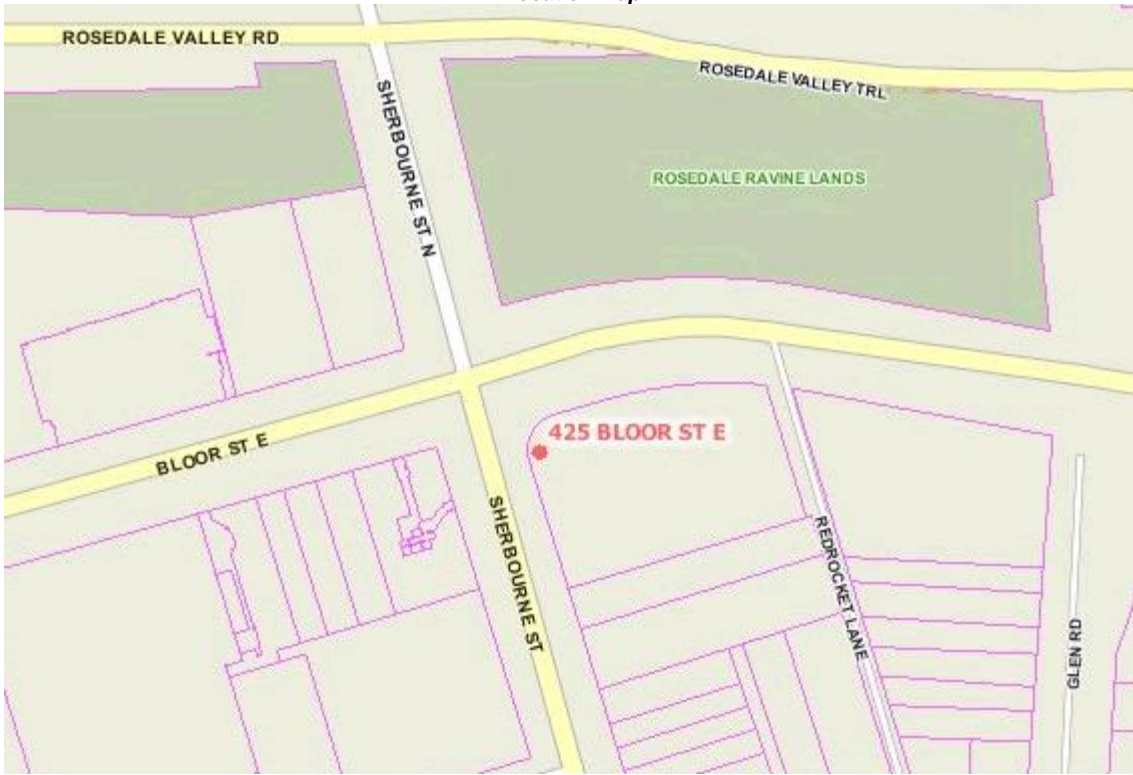
Gross Annual Rent: \$157,500.00 (\$13,125.00 per month)

Options: There is one further right of renewal for thirty-three (33) years.

All other terms and conditions shall remain the same as per the original lease and all subsequent amendments thereof.

Appendix "A"

Location Map



Aerial Photo

